

The Connecticut General Assembly



House Democrats
Office of House Majority Leader Joe Aresimowicz

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Contact: Liz Connelly
860-240-1465

STUDENT LOAN REFINANCE BILL PASSES IN HOUSE

(HARTFORD) – The House of Representatives passed legislation today spearheaded by House Majority Leader Joe Aresimowicz (D-Berlin/Southington) and Co-Chair of the Higher Education and Employment Advancement Committee Representative Roberta Willis (D-Salisbury) that will enable the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to refinance student loans for Connecticut residents and students. The bill's goal is to lower the interest rate that students are offered and keep student loan rates affordable.

House Bill 6907, *An Act Concerning The Duties And Authority Of The Connecticut Higher Education Supplemental Loan Authority*, further targets individuals with a demonstrated financial need by requiring CHESLA to offer interest rates on education loans that are lower than the rates typically offered by banks to expand the number of students who are eligible for loans, and to offer need-based scholarships. CHESLA will also defer payments for a person who is going on to further their education in a graduate program.

“It is crucial that we take measures to make college more affordable for students. The soaring costs and debt levels that students and families are facing are simply staggering. Just six years ago, student loan debt made up the smallest portion of household debt and today it represents the largest portion of household debt other than mortgages,” said Majority Leader Aresimowicz. “This bill encourages students to pursue higher education by reducing their concerns about the debt they may have after graduation.”

The bill will allow CHESLA to refinance student loans to certain borrowers. The borrowers who qualify to receive these loans are anyone who has an outstanding CHESLA loan; anyone who attends a Connecticut higher education institution or who currently resides in the state and has received or agreed to pay an education loan; or a parent who has received or agreed to pay an education loan on behalf of a student who attends a Connecticut higher education institution or currently resides in the state.

Student loan debt is now the second largest form of household debt, totaling approximately \$1.2 trillion nationwide. The average borrower in the college class of 2014 is expected to carry more than \$33,000 in student loan debt, which may be accompanied by growing credit card debt, as well as an auto loan and maybe even a mortgage.

The bill also allows CHESLA to issue education grants, which the bill defines as grants, scholarships, fellowships, or other non-repayable assistance awarded by CHESLA. These grants can be given to a student currently residing in Connecticut to finance his or her attendance at a Connecticut higher education institution.

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Joe Aresimowicz is serving his sixth term representing the 30th Assembly District of Berlin and Southington in the Connecticut General Assembly, where he is House Majority Leader.